

**CONTRACT #6**  
**RFS # 318.65-128**

**Department of Finance &  
Administration  
Bureau of TennCare**

**VENDOR:**  
**First Health Services  
Corporation**



STATE OF TENNESSEE  
**BUREAU OF TENNCARE**  
310 Great Circle Road  
NASHVILLE, TENNESSEE 37243

July 17, 2008

Mr. Jim White, Director  
Fiscal Review Committee  
8<sup>th</sup> Floor, Rachel Jackson Bldg.  
Nashville, TN 37243

**RECEIVED**  
JUL 18 2007  
**FISCAL REVIEW**

Attention: Ms. Leni Chick

RE: Bureau of TennCare  
Contracts Submitted for Fiscal Review

Dear Mr. White:

The Department of Finance and Administration, Bureau of TennCare, is submitting for consideration by the Fiscal Review Committee amendment #1 to ACS State Healthcare, LLC, RFS 318.65-216. This competitively bid contract was awarded to ACS to provide a Call Center for TennCare enrollees to address their concerns regarding assistance in receiving necessary medical care, accessing information as specified by TennCare for follow-up, and resolution of medical issues and appeals. The payment methodology in the current contract is based on a per call rate, however, during the course of this contract, it has become apparent that occasional system applications modifications are necessary to accommodate changes to the TennCare State Plan or any waiver amendments. Therefore, TennCare is amending the contract to establish language allowing these modifications and provide funding to support the changes requested.

Additionally, TennCare is submitting amendment #5 to First Health Services Corporation, the competitively awarded contract for TennCare's Pharmacy Claims Processing and Preferred Drug List Development and Management. Per language in the Request for Proposal and eventual awarded contract, TennCare is exercising our option to extend this contract for an additional six months. The payment rates established in the previous referenced RFP have been negotiated and reduced, therefore less funds will be spent on the continuation of services for this six month period of time. No additional funding is required to proceed with this extension of services.

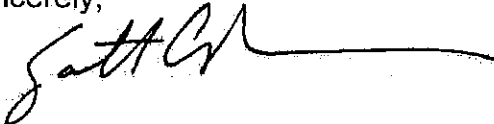
Mr. Jim White  
July 17, 2008  
Page 2

The three Behavioral Health Organizations (BHOs) listed below are being amended to establish rates that will be in effect for the remainder of the Fiscal Year. Due to the fact that the rates for medical and behavioral services are provided to TennCare through the services of an independent actuary, TennCare was unable to provide these newly established rates in time to the Contractor for review prior to completion of the previous term amendment. Therefore, this amendment proposes the actual, agreed upon rates that will be in effect for the remainder of FY '08.

Premier Behavioral Health Systems of TN, LLC	FA-01-14662-19
Tennessee Behavioral Health, Inc.	FA-05-16089-09
Tennessee Behavioral Health, Inc.	FA-01-14661-18

The Bureau of TennCare would greatly appreciate the consideration and approval of these amendments by the Fiscal Review Committee.

Sincerely,



Scott Pierce  
Chief Financial Officer

cc: Darin J. Gordon, Deputy Commissioner  
Alma Chilton, Contract Coordinator

# CONTRACT SUMMARY SHEET

021406

<b>RFS #</b>		<b>Contract #</b>	
<b>318.65-128</b>		<b>FA-04-15757-05</b>	
<b>State Agency</b>		<b>State Agency Division</b>	
Department of Finance and Administration		Bureau of TennCare	
<b>Contractor Name</b>		<b>Contractor ID # (FEIN or SSN)</b>	
First Health Services Corporation		<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 540849793 03	
<b>Service Description</b>			
Point of Sale (POS) Pharmacy Claims Processing and Preferred Drug List Development and Management			
<b>Contract Begin Date</b>	<b>Contract End Date</b>	<b>SUBRECIPIENT or VENDOR?</b>	<b>CFDA #</b>
January 1, 2004	June 30, 2008	Vendor	93.778 Dept. of Health & Human Services/Title XIX
<b>Mark Each TRUE Statement</b>			
<input checked="" type="checkbox"/> Contractor is on STARS		<input checked="" type="checkbox"/> Contractor's Form W-9 is on file in Accounts	
<b>Allotment Code</b>	<b>Cost Center</b>	<b>Object Code</b>	<b>Fund</b>
318.65	073	134	11
<b>FY</b>	<b>State</b>	<b>Federal</b>	<b>Interdepartmental</b>
2004	\$1,453,500.00	\$1,453,500.00	
2005	\$4,757,822.00	\$4,757,822.00	
2006	\$8,487,366.00	\$8,487,366.00	
2007	\$2,775,350.00	\$2,775,350.00	
2008	\$1,475,962.00	\$1,475,962.00	
<b>TOTAL:</b>	<b>\$18,950,000.00</b>	<b>\$18,950,000.00</b>	

RECEIVED

JUL 18 2007

FISCAL REVIEW

<b>— COMPLETE FOR AMENDMENTS ONLY —</b>			<b>State Agency Fiscal Contact &amp; Telephone #</b>	
<b>FY</b>	<b>Base Contract &amp; Prior Amendments</b>	<b>THIS Amendment ONLY</b>	Scott Pierce 310 Great Circle Road Nashville, TN 37228-1752 (615) 507-6415	
2004	\$2,907,000.00	0	<b>State Agency Budget Officer Approval</b>  	
2005	\$9,515,644.00	0		
2006	\$16,974,732.00	0		
2007	\$5,550,700.00	0		
2008	\$2,951,924.00	0		
<b>TOTAL:</b>	<b>\$37,900,000.00</b>	<b>0</b>	<b>Funding Certification</b> (certification required by T.C.A. § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred).	
<b>End Date:</b>	<b>12/31/2007</b>	<b>06/30/2008</b>		

<b>Contractor Ownership</b> (complete only for base contracts with contract # prefix FA or GR)					
<input type="checkbox"/> African American	<input type="checkbox"/> Person w/ Disability	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Small Business	<input type="checkbox"/> NOT minority/disadvantaged	
<input type="checkbox"/> Asian	<input type="checkbox"/> Female	<input type="checkbox"/> Native American	<input type="checkbox"/> OTHER minority/disadvantaged—		
<b>Contractor Selection Method</b> (complete for ALL base contracts—N/A to amendments or delegated authorities)					
<input type="checkbox"/> RFP	<input type="checkbox"/> Competitive Negotiation	<input type="checkbox"/> Alternative Competitive Method			
<input type="checkbox"/> Non-Competitive Negotiation	<input type="checkbox"/> Negotiation w/ Government (e.g., ID, GG, GU)	<input type="checkbox"/> Other			
<b>Procurement Process Summary</b> (complete for selection by Alternative Method, Competitive Negotiation, Non-Competitive Negotiation, OR Other)					

# REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED

Commissioner of Finance & Administration  
Date:

**EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED.**

1) RFS #

318.65-128

2) State Agency Name :

Department of Finance and Administration, Bureau of TennCare

**EXISTING CONTRACT INFORMATION**

3) Service Caption :

Point (POS) Pharmacy Claims Processing and Preferred Drug List Development and Management

4) Contractor :

First Health Services Corporation

5) Contract #

FA-04-15757-00

6) Contract Start Date :

January 1, 2004

7) Current Contract End Date IF all Options to Extend the Contract are Exercised :

December 31, 2007

8) Current Total Maximum Cost IF all Options to Extend the Contract are Exercised :

\$37,900,000.00

**PROPOSED AMENDMENT INFORMATION**

9) Proposed Amendment #

5

10) Proposed Amendment Effective Date :

(attached explanation required if date is < 60 days after F&A receipt)

January 1, 2008

11) Proposed Contract End Date IF all Options to Extend the Contract are Exercised :

June 30, 2008

12) Proposed Total Maximum Cost IF all Options to Extend the Contract are Exercised :

\$37,900,000.00

13) Approval Criteria :  
(select one)

X

use of Non-Competitive Negotiation is in the best interest of the state

☐

only one uniquely qualified service provider able to provide the service

14) Description of the Proposed Amendment Effects & Any Additional Service :

Per language in the Request for Proposal and eventual awarded contract, TennCare has the option to extend this contract for an additional period(s) of time to continue the current services provided by the Contractor. This amendment will extend the contract for a six month period of time at which time TennCare will have released RFP and awarded a new contract to provide Pharmacy Management and Preferred Drug List services. The payment rates established in the previous referenced RFP have been negotiated and reduced, therefore less funds will be spent on the continuation of services for this six month period of time.

**15) Explanation of Need for the Proposed Amendment :**

This contract currently has an end date and rates that go through December 31, 2007. In an effort to ensure continuation of Pharmacy Management services, TennCare is amending to extend and establish rates for this extended period of time.

**16) Name & Address of Contractor's Current Principal Owner(s) :**

(not required if proposed contractor is a state education institution)

First Health Services Corp.  
Teresa R. DiMarco, President  
4300 Cox Road  
Glen Allen, VA 23060

**17) Documentation of Office for Information Resources Endorsement :**

(required only if the subject service involves information technology)

select one:

☒

Documentation Not Applicable to this Request



Documentation Attached to this Request

**18) Documentation of Department of Personnel Endorsement :**

(required only if the subject service involves training for state employees)

select one:

☒

Documentation Not Applicable to this Request



Documentation Attached to this Request

**19) Documentation of State Architect Endorsement :**

(required only if the subject service involves construction or real property related services)

select one:

☒

Documentation Not Applicable to this Request



Documentation Attached to this Request

**20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :**

This contractor was identified as a result of Request for Proposal (RFP), a competitive process initiated by the Department of Finance and Administration, Bureau of TennCare. These amended changes are brought about as a result of approaching contract end date and the need to continue for additional period of time.

**21) Justification for the Proposed Non-Competitive Amendment :**

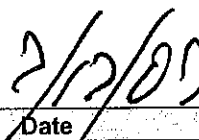
First Health Services Corporation was identified by competitive means as the contractor to provide Point of Sale (POS) Pharmacy Claims Processing and Preferred Drug List Development and Management. The changes in this amendment will provide extension of term as well as reduced monthly rates to support this extension. This amendment does not necessitate any additional dollars. The Bureau of TennCare would appreciate the approval of this amendment by F&A.

**REQUESTING AGENCY HEAD SIGNATURE & DATE :**

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)



Agency Head Signature



Date

**AMENDMENT #5 TO FA 04-15757-00,  
THE CONTRACT  
BETWEEN THE STATE OF TENNESSEE,  
DEPARTMENT OF FINANCE AND ADMINISTRATION,  
BUREAU OF TENNCARE  
AND  
FIRST HEALTH SERVICES CORPORATION**

This Amendment, by and between the State of Tennessee, Department of Finance and Administration, TennCare Bureau hereinafter referred to as the "State" or "TennCare" and First Health Services Corporation, hereinafter referred to as the "Contractor," is for the provision of Pharmacy Management and Preferred Drug List Services, as further defined in the "SCOPE OF SERVICES" is amended as follows:

1. Delete Section B.1 in its entirety and replace with the following:
  - B.1. **Contract Term.** This Contract shall be effective for the period commencing on January 1, 2004 and ending on June 30, 2008. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.
2. Delete Section C.3. in its entirety and replace with the following:
  - C.3. **Payment Methodology.** The Contractor shall be compensated based on the Service Rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1. The Contractor's compensation shall be contingent upon the satisfactory completion of units of service or project milestones defined in Section A. The Contractor shall be compensated based upon the following Service Rates:

<b>Monthly Fee Year 1</b> \$484,500.00
<b>Monthly Fee Year 2</b> \$346,750.00
<b>Monthly Fee Year 3</b> \$351,500.00 (01/01/2006 – 06/30/2006)  \$297,900.00 (07/01/2006 – 12/31/2006)
<b>Monthly Fee Year 4</b>  \$297,900.00 (01/01/2007 – 12/31/2007)
<b>Monthly Fee Year 5</b>  \$305,347.00 (01/01/2008 – 12/31/2008)

In addition to the monthly fee, TennCare will compensate the Contractor as provided herein in accordance with specified rates in Attachment B (Revised) and Attachment C. The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall at a minimum, include: the numbers and types of pharmacy claims adjudicated; separately itemized actual payments made to pharmacy service providers for each pharmacy claim adjudicated; subtotal for all pharmacy claims adjudicated;

subtotal of all actual payments; the comprehensive monthly fee in effect, and the total amount due to the Contractor for the period invoiced.

3. Delete Revised Attachment B (Revised July 1, 2006) and replace with Revised Attachment B (Revised September 1, 2007).

The other terms and conditions of this contract not amended hereby shall remain in full force and effect.

**IN WITNESS WHEREOF:**

**FIRST HEALTH SERVICES CORPORATION:**

---

**Charles W. Byrd, Jr., Chief Financial Officer**

**Date**

**DEPARTMENT OF FINANCE AND ADMINISTRATION  
BUREAU OF TENNCARE:**

---

**M. D. Goetz, Jr., Commissioner**

**Date**

**APPROVED:**

**DEPARTMENT OF FINANCE AND ADMINISTRATION:**

---

**M. D. Goetz, Jr., Commissioner**

**Date**

**COMPTROLLER OF THE TREASURY:**

---

**John G. Morgan, Comptroller of the Treasury**

**Date**

**ATTACHMENT B (REVISED 09/01/2007)**  
**TennCare Contract Amendment Pricing**

Initiative	Sub-Initiative	Implementation Fee (1)	Pre-Operational Call Center Fee (per Week) (2)	Monthly Administrative Fee (3)	Call Center Rates (4)		
					Fee Per Non-Clinical Resolution	Grier-compliant Clinical Prior Authorizations	Physician
Administrative Edits	DEA Number Edit	79,514	N/A	-	3.55	N/A	N/A
	Prescriber Last Name Edit	145,079	N/A	-	3.55	N/A	N/A
	Drug to Gender Edit	69,086	N/A	-	N/A	N/A	45.70
	Gross Amount Due Edit	165,362	N/A	-	3.55	N/A	N/A
	Maximum Dollar Amount Edit	69,086	N/A	-	N/A	15.45	N/A
	Unit of Measure Edit	121,926	N/A	-	N/A	7.54	\$46.84
	MAC/DAW	95,157	11,015	-	N/A	7.36	N/A
Clinical Edits	Drug Dosage & Dose Optimization Edit	78,397	10,246	-	N/A	7.36	45.70
	Drug Duplication of Therapy Edit	229,233	55,326	-	N/A	7.36	45.70
	Drug-Drug Interaction Edit	224,763	47,130	-	N/A	7.36	45.70

	Drug Duration Edit	78,397	2,049	-	N/A	7.36	15.45	45.70
	Drug-to-Disease Edit	78,397	4,098	-	N/A	7.36	15.45	45.70
	OTC Class Elimination	75,045	N/A	-	3.55	N/A	N/A	N/A
<b>Step Therapy</b>		215,080	45,080	-	N/A	7.36	15.45	45.70
<b>Script Limit Edits</b>	Hard Limit for Non-Exempts	159,231	29,870	-	3.55	N/A	N/A	N/A
<b>Tiered Co-pay Edits</b>		173,445	1,102	-	3.55	N/A	N/A	N/A
<b>MAC</b>		49,645	N/A	-	3.55	N/A	N/A	N/A
<b>Additional Dedicated Staff (5)</b>	1 Clinical Pharmacist based in Nashville			14,081				
	2 Provider Educator Pharmacists based in Nashville			23,375				
	1 Pharmacy Research Scientist			16,362				
	1 Data Quality Analyst based in Nashville			9,635				
	1 Systems Liaison based in Richmond			13,160				
	1 Contract Manager based in Richmond			13,193				
	1 Business Analyst based in Richmond			7,499				
	1 Reform Project Manager based 25% in Nashville, balance in Richmond			12,813				
	2 Mail Room Clerks (ongoing)			7,574				
<b>RetroDUR (Takeover from UT)</b>				47,919				
<b>Equipment</b>				-				
<b>Totals</b>				<b>165,611.00</b>				

Notes:

- (1) The Call Center Planning and Development deliverable is payable for each initiative upon notice from TennCare to begin implementation of the phase in which the edit resides. Other subcomponents of the implementation fee are payable upon TennCare receipt and approval of the associated deliverable. (see Attachment C)
- (2) Pre-operational call center fees are payable for each initiative (and sub-initiative, as applicable) in the event that TennCare delays the "go live" date. These fees shall begin on the planned "go live" date and cease when the edit actually does "go live" (i.e. hard-edits become fully operational and call center rates become effective) or when TennCare gives notice to cancel the initiative. The "go live" date is specified in the contract as the "date to complete implementation", except as it relates to the Script Limit and Tiered Co-pays. For these groups of edits, the "go live" date shall be communicated in writing by TennCare to First Health no less than 6 weeks prior to the intended "go live" date.
- (3) Monthly administrative fees are payable for each initiative (and sub-initiative, as applicable) upon First Health Services' written notice to TennCare that the initiative is operational or that additional dedicated staff are hired, as applicable. Partial months shall be prorated.
- (4) PDL related prior authorizations are covered under the base contract. For the initiatives added via Amendment Two, prior authorizations will be billed on a "per resolution" basis. If multiple calls are required to resolve a given issue (e.g. issue a Prior Authorization), the Contractor will only bill for a single unit of the highest level call that took place.
- (5) Any System Change Requests made by TennCare and not explicitly described in this Amendment will be billable to TennCare at a rate of \$150 per hour.

# C O N T R A C T   S U M M A R Y   S H E E T

<b>RFS Number:</b>	318.65-128	<b>Contract Number:</b>	FA-04-15757-04
<b>State Agency:</b>	Department of Finance and Administration	<b>Division:</b>	Bureau of TennCare
<b>Contractor:</b>		<b>Contractor Identification Number:</b>	
First Health Services Corporation		<b>X   V- C-</b>	540849793 03

## Service Description

Point of Sale (POS) Pharmacy Claims Processing and Preferred Drug List Development and Management

<b>Contract Begin Date</b>	<b>Contract End Date</b>
January 1, 2004	December 31, 2007

<b>Allotment Code</b>	<b>Cost Center</b>	<b>Object Code</b>	<b>Fund</b>	<b>Grant</b>	<b>Grant Code</b>	<b>Subgrant Code</b>
318.65	073	134	11	<b>X on STARS</b>		

FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (including ALL amendments)
2004	\$1,453,500.00	\$1,453,500.00			\$2,907,000.00
2005	\$4,757,822.00	\$4,757,822.00			\$9,515,644.00
2006	\$8,487,366.00	\$8,487,366.00			\$16,974,732.00
2007	\$2,775,350.00	\$2,775,350.00			\$5,550,700.00
2008	\$1,475,962.00	\$1,475,962.00			\$2,951,924.00
<b>Total:</b>	<b>\$18,950,000.00</b>	<b>\$18,950,000.00</b>			<b>\$37,900,000.00</b>

<b>CFDA #</b>	93.778 Department of Health & Human Services Title XIX	<b>Check the box ONLY if the answer is YES</b>
---------------	---	--

<b>State Fiscal Contact</b>		
<b>Name:</b>	Scott Pierce	<b>Is the Contractor a SUBRECIPIENT?</b> (per OMB A-133)
<b>Address:</b>	310 Great Circle Road Nashville, TN	<b>Is the Contractor a VENDOR?</b> (per OMB A-133) <span style="float: right;"><b>x</b></span>
<b>Phone:</b>	(615) 507-6415	<b>Is the Fiscal Year Funding STRICTLY LIMITED?</b>

<b>Procuring Agency Budget Officer Approval Signature</b>	<b>Is the Contractor on STARS?</b>
	<b>Is the Contractor's FORM W-9 ATTACHED?</b>
	<b>Is the Contractor's Form W-9 Filed with Accounts?</b> <span style="float: right;"><b>x</b></span>

<b>COMPLETE FOR ALL AMENDMENTS (only)</b>			<b>Funding Certification</b>	
	<b>Base Contract &amp; Prior Amendments</b>	<b>This Amendment ONLY</b>	Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.	
<b>END DATE →</b>	12/31/2006	12/31/2007		
<b>FY: 2004</b>	\$2,907,000.00			
<b>FY: 2005</b>	\$9,515,644.00			
<b>FY: 2006</b>	\$16,974,732.00			
<b>FY: 2007</b>	\$8,502,624.00	<\$2,951,924.00>		
<b>FY: 2008</b>		+\$2,951,924.00		
<b>Total:</b>	<b>\$37,000,000.00</b>	<b>0</b>		

# C O N T R A C T S U M M A R Y S H E E T

<b>RFS Number</b>	318.65-128	<b>Contract Number</b>	FA-04-15757-03
<b>State Agency</b>	Department of Finance and Administration	<b>Division</b>	Bureau of TennCare
<b>Contractor</b>		<b>Contractor Identification Number</b>	
First Health Services Corporation		<b>X</b> V- <b>C-</b>	540849793 03

## Service Description


Point of Sale (POS) Pharmacy Claims Processing and Preferred Drug List Development and Management

<b>Contract Begin Date</b>	<b>Contract End Date</b>
January 1, 2004	December 31, 2006

<b>Allotment Code</b>	<b>Cost Center</b>	<b>Object Code</b>	<b>Fund</b>	<b>Grant</b>	<b>Grant Code</b>	<b>Subgrant Code</b>
318.65	073	134	11	<b>X on STARS</b>		

FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (including ALL amendments)
2004	\$1,453,500.00	\$1,453,500.00			\$2,907,000.00
2005	\$4,757,822.00	\$4,757,822.00			\$9,515,644.00
2006	\$8,487,366.00	\$8,487,366.00			\$16,974,732.00
2007	\$4,251,312.00	\$4,251,312.00			\$8,502,624.00
<b>Total:</b>	<b>\$18,950,000.00</b>	<b>\$18,950,000.00</b>			<b>\$37,900,000.00</b>

<b>CFDA#</b>	93.778 Department of Health & Human Services Title XIX	<b>Check the box ONLY if the answer is YES</b>
--------------	--	--

<b>State Fiscal Contact</b>		<b>Is the Contractor a SUBRECIPIENT? (per OMB A-133)</b>	
<b>Name</b>	Scott Pierce	<b>Is the Contractor a VENDOR? (per OMB A-133)</b>	<b>x</b>
<b>Address</b>	310 Great Circle Road Nashville, TN	<b>Is the Fiscal Year Funding STRICTLY LIMITED?</b>	
<b>Phone</b>	(615) 507-6415	<b>Is the Contractor on STARS?</b>	<b>x</b>
<b>Procuring Agency Budget Officer Approval Signature</b>		<b>Is the Contractor's FORM W-9 ATTACHED?</b>	
		<b>Is the Contractors Form W-9 Filed with Accounts?</b>	<b>x</b>

<b>COMPLETE FOR ALL AMENDMENTS (only)</b>			<b>Funding Certification</b>	
	<b>Base Contract &amp; Prior Amendments</b>	<b>This Amendment ONLY</b>	Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.	
<b>END DATE →</b>	12/31/2006			
<b>FY: 2004</b>	\$2,907,000.00			
<b>FY: 2005</b>	\$9,515,644.00			
<b>FY: 2006</b>	\$16,974,732.00			
<b>FY: 2007</b>	\$8,502,624.00			
<b>FY:</b>				
<b>Total:</b>	<b>\$37,910,000.00</b>	<b>0</b>		

# CONTRACT SUMMARY SHEET

<b>RES Number:</b>	318.65-128	<b>Contract Number:</b>	FA-04-15757-02
<b>State Agency:</b>	Department of Finance and Administration	<b>Division:</b>	Bureau of TennCare
<b>Contractor</b>		<b>Contractor Identification Number</b>	
First Health Services Corporation		X V- C-	540849793 03

**Service Description**  
Point of Sale (POS) Pharmacy Claims Processing and Preferred Drug List Development and Management

<b>Contract Begin Date</b> January 1, 2004	<b>Contract End Date</b> December 31, 2006
---	---

<b>Allotment Code</b>	<b>Cost Center</b>	<b>Object Code</b>	<b>Fund</b>	<b>Grant</b>	<b>Grant Code</b>	<b>Subgrant Code</b>
318.65	073	134	11	X on STARS		

FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (including ALL amendments)
2004	\$1,453,500.00	\$1,453,500.00			\$2,907,000.00
2005	\$4,757,822.00	\$4,757,822.00			\$9,515,644.00
2006	\$8,487,366.00	\$8,487,366.00			\$16,974,732.00
2007	\$4,251,312.00	\$4,251,312.00			\$8,502,624.00
<b>Total</b>	<b>\$18,950,000.00</b>	<b>\$18,950,000.00</b>			<b>\$37,900,000.00</b>

<b>CFDA #</b>	93.778 Department of Health & Human Services Title XIX	<b>Check the box ONLY if the answer is YES</b>
---------------	---	--

<b>State Fiscal Contact</b>	<b>Is the Contractor a SUBRECIPIENT?</b> (per OMB A-133)
<b>Name:</b> Scott Pierce <b>Address:</b> 729 Church Street <b>Phone:</b> Nashville, TN (615) 532-1362	<b>Is the Contractor a VENDOR?</b> (per OMB A-133)
	<b>Is the Fiscal Year Funding STRICTLY LIMITED?</b>
	<b>Is the Contractor on STARS?</b>
<b>Procuring Agency Budget Officer Approval Signature</b>	<b>Is the Contractor's FORM W-9 ATTACHED?</b>
	<b>Is the Contractor's Form W-9 Filed with Accounts?</b>

COMPLETE FOR ALL AMENDMENTS (only)			Funding Certification
END DATE →	Base Contract & Prior Amendments	This Amendment ONLY	Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.
FY: 2004	\$2,907,000.00		
FY: 2005	\$5,387,100.00	\$4,128,544.00	
FY: 2006	\$4,589,100.00	\$12,385,632.00	
FY: 2007	\$2,309,800.00	\$6,192,824.00	
<b>Total</b>	<b>\$15,193,000.00</b>	<b>\$22,707,000.00</b>	

MAY 20 2005

DIRECTOR OF ACCOUNTS

RECEIVED  
 MAY 16 9 35 AM '05  
 COMPTROLLER'S OFFICE  
 OF THE  
 TREASURY  
 DEPARTMENT

RECEIVED  
 MAY -4 AM 11:43  
 COMPTROLLER'S OFFICE  
 OF THE  
 TREASURY  
 DEPARTMENT

# CONTRACT SUMMARY SHEET

<b>RFS Number:</b>	318.65-128	<b>Contract Number:</b>	FA-04-15757-01
<b>State Agency:</b>	Department of Finance and Administration	<b>Division:</b>	Bureau of TennCare

<b>Contractor:</b>	<b>Contractor Identification Number:</b>
First Health Services Corporation	X V- C- 540849793 03

<b>Service Description:</b>
Point of Sale (POS) Pharmacy Claims Processing and Preferred Drug List Development and Management

<b>Contract Begin Date:</b>	<b>Contract End Date:</b>
January 1, 2004	December 31, 2006

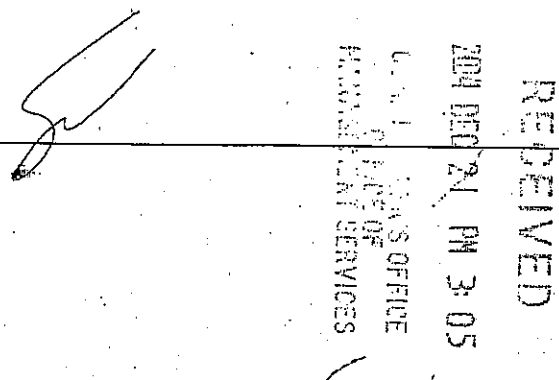
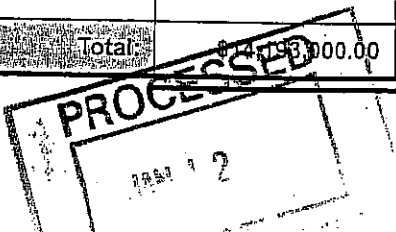
<b>Allotment Code:</b>	<b>Cost Center:</b>	<b>Object Code:</b>	<b>Fund:</b>	<b>Grant:</b>	<b>Grant Code:</b>	<b>Subgrant Code:</b>
318.65	073	134	11	X on STARS		

FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (including ALL amendments)
2004	\$1,453,500.00	\$1,453,500.00			\$2,907,000.00
2005	\$2,693,550.00	\$2,693,550.00			\$5,387,100.00
2006	\$2,294,550.00	\$2,294,550.00			\$4,589,100.00
2007	\$1,154,900.00	\$1,154,900.00			\$2,309,800.00
<b>Total</b>	<b>\$7,596,500.00</b>	<b>\$7,596,500.00</b>			<b>\$15,193,000.00</b>

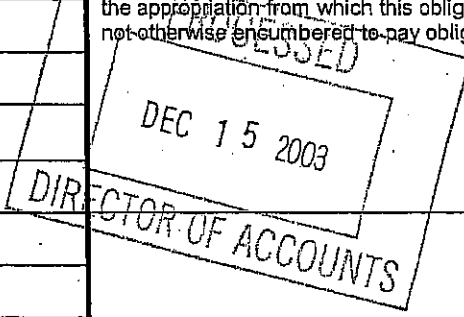
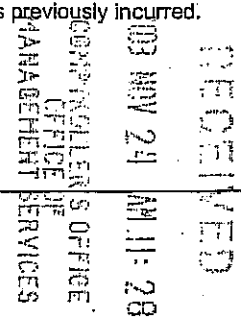
<b>GFDA #</b>	93.778	<b>Check the box ONLY if the answer is YES:</b>
---------------	--------	---

<b>State Fiscal Contact:</b>	<b>Is the Contractor a SUBRECIPIENT? (per OMB A-133)</b>
<b>Name:</b> Dean Daniel <b>Address:</b> 729 Church Street <b>Phone:</b> Nashville, TN (615) 532-1362	<b>Is the Contractor a VENDOR? (per OMB A-133)</b>
	<b>Is the Fiscal Year Funding STRICTLY LIMITED?</b>
	<b>Is the Contractor on STARS?</b>
<b>Procuring Agency Budget Officer Approval Signature:</b>	<b>Is the Contractor's FORM W-9 ATTACHED?</b>
	<b>Is the Contractor's Form W-9 Filed with Accounts?</b>

<b>COMPLETE FOR ALL AMENDMENTS (only)</b>			<b>Funding Certification</b>	
	<b>Base Contract &amp; Prior Amendments</b>	<b>This Amendment ONLY</b>	Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.	
<b>END DATE →</b>	12/31/2006			
FY: 2004	\$2,907,000.00			
FY: 2005	\$4,987,500.00	\$399,600.00		
FY: 2006	\$4,189,500.00	\$399,600.00		
FY: 2007	\$2,109,000.00	\$200,800.00		
FY:				
<b>Total</b>	<b>\$15,193,000.00</b>	<b>\$1,000,000.00</b>		



# CONTRACT SUMMARY SHEET

<b>RFS Number:</b> 318.65-128		<b>Contract Number:</b> FA-04-15757-00	
<b>State Agency:</b> Department of Finance and Administration		<b>Division:</b> Bureau of TennCare	
<b>Contractor:</b> First Health Services Corporation		<b>Contractor Identification Number:</b> X V- 540849793 03 C-	
<b>Service Description:</b> Point of Sale (POS) Pharmacy Claims Processing and Preferred Drug List Development and Management			
<b>Contract Begin Date:</b> January 1, 2004		<b>Contract End Date:</b> December 31, 2006	
<b>Allotment Code:</b> 318.65	<b>Cost Center:</b> 073	<b>Object Code:</b> 134	<b>Fund:</b> 11
		<b>Grant:</b> X on STARS	<b>Grant Code:</b>
		<b>Subgrant Code:</b>	
<b>FY:</b>	<b>State Funds</b>	<b>Federal Funds</b>	<b>Total Contract Amount (including ALL amendments)</b>
2004	\$1,453,500.00	\$1,453,500.00	\$2,907,000.00
2005	\$2,493,750.00	\$2,493,750.00	\$4,987,500.00
2006	\$2,094,750.00	\$2,094,750.00	\$4,189,500.00
2007	\$1,054,500.00	\$1,054,500.00	\$2,109,000.00
<b>Total</b>	<b>\$7,096,500.00</b>	<b>\$7,096,500.00</b>	<b>\$14,193,000.00</b>
<b>GFDAA:</b> 93.778		<b>Check the box ONLY if the answer is YES</b>	
<b>State Fiscal Contact:</b>		<b>Is the Contractor a SUBRECIPIENT? (per OMB A-133)</b>	<b>x</b>
<b>Name:</b> Dean Daniel		<b>Is the Contractor a VENDOR? (per OMB A-133)</b>	
<b>Address:</b> 729 Church Street		<b>Is the Fiscal Year Funding STRICTLY LIMITED?</b>	
<b>Phone:</b> Nashville, TN (615) 532-1362		<b>Is the Contractor on STARS?</b>	<b>x</b>
<b>Procuring Agency Budget Officer Approval Signature:</b>		<b>Is the Contractor's FORM W-9 ATTACHED?</b>	
<i>Dean Daniel 11/17/03</i>		<b>Is the Contractor's Form W-9 Filled with Accounts?</b>	<b>x</b>
		<b>Funding Certification</b>	
<b>COMPLETE FOR ALL AMENDMENTS (only)</b>		<p>Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.</p> <div style="text-align: center;">  </div> <div style="text-align: right;">  </div>	
<b>Base Contract &amp; Prior Amendments</b>	<b>This Amendment ONLY</b>		
<b>END DATE →</b>			
<b>FY:</b>			
<b>FY:</b>			
<b>FY:</b>			
<b>Total:</b>			



**GENERAL ASSEMBLY OF THE STATE OF TENNESSEE  
FISCAL REVIEW COMMITTEE**

320 Sixth Avenue, North - 8<sup>th</sup> Floor  
NASHVILLE, TENNESSEE 37243-0057  
615-741-2564

**Rep. Charles Curtiss, Chairman**

**Representatives**

Harry Brooks	Mary Pruitt
Curt Cobb	Donna Rowland
Dennis Ferguson	David Shepard
Frank Niceley	Curry Todd
Craig Fitzhugh, <i>ex officio</i>	
Speaker Jimmy Naifeh, <i>ex officio</i>	

**Sen. Don McLeary, Vice-Chairman**

**Senators**

Mae Beavers	David Fowler
Jim Bryson	Steve Southerland
Steve Cohen	
Douglas Henry, <i>ex officio</i>	
Lt. Governor John S. Wilder, <i>ex officio</i>	

**M E M O R A N D U M**

**TO:** The Honorable Dave Goetz, Commissioner  
Department of Finance and Administration

**FROM:** Charles Curtiss, Chairman  
Don McLeary, Vice-Chairman

**DATE:** July 31, 2006

**SUBJECT:** Contract Comments  
(Contract Services Subcommittee Meeting 6/20/06)

**RFS# 318.65-128**

**Department: Finance & Administration/Bureau of TennCare**

**Contractor: First Health Services Corporation**

**Summary: The vendor provides support Point of Sale (POS) Pharmacy Claims Processing and Preferred Drug List Development and Management. This amendment extends the current contract for one additional year through December 31, 2007. The maximum liability remains the same at \$37,900,000. The rates have been reduced to reflect the reduction in claims volume associated with the reduction in the TennCare population.**

**Maximum liability: \$37,900,000**

**Maximum liability with amendment: \$37,900,000**

After review, the Fiscal Review Committee voted to recommend approval of the contract amendment provided the Bureau includes a copy of the DUR Committee minutes with the Quarterly Progress Reports.

**cc:** The Honorable Darin Gordon, Deputy Commissioner, Bureau of TennCare  
Mr. Robert Barlow, Director, Office of Contracts Review



**GENERAL ASSEMBLY OF THE STATE OF TENNESSEE  
FISCAL REVIEW COMMITTEE**

320 Sixth Avenue, North – 8<sup>th</sup> Floor  
NASHVILLE, TENNESSEE 37243-0057  
615-741-2564

**Rep. Charles Curtiss, Chairman**

Representatives

Harry Brooks                      Mary Pruitt  
Curt Cobb                          Donna Rowland  
Dennis Ferguson                David Shepard  
Frank Niceley                    Curry Todd  
Craig Fitzhugh, *ex officio*  
Speaker Jimmy Naifeh, *ex officio*

**Sen. Don McLeary, Vice-Chairman**

Senators

Mae Beavers                      David Fowler  
Jim Bryson                        Steve Southerland  
Steve Cohen  
Douglas Henry, *ex officio*  
Lt. Governor John S. Wilder, *ex officio*

**M E M O R A N D U M**

**TO:**                      The Honorable Dave Goetz, Commissioner  
                                 Department of Finance and Administration

**FROM:**                Charles Curtiss, Chairman  
                                 Don McLeary, Vice-Chairman

**DATE:**                January 31, 2006

**SUBJECT:**            **Contract Comments**  
                                 (Contract Services Subcommittee Meeting 1/30/06)

**RFS# 318.65-128**

**Department: Finance & Administration/Bureau of TennCare**

**Contractor: First Health Services Corporation**

**Summary: The vendor provides support Point of Sale (POS) Pharmacy Claims Processing and Preferred Drug List Development and Management. This amendment reflects the changes to the TennCare Pharmacy Benefits Program by the Grier Revised Consent Decree of August 3 and August 9, 2005. This amendment does not change the term of the contract nor the maximum liability.**

**Maximum liability: \$37,900,000**

**Maximum liability with amendment: \$37,900,000**

After review, the Fiscal Review Committee voted to recommend approval of this contract amendment.

**cc:**                      Dr. J.D. Hickey, Deputy Commissioner, Bureau of TennCare  
                                 Mr. Robert Barlow, Director, Office of Contracts Review